



**COLORADO COMMISSION ON
HIGHER EDUCATION**

PERFORMANCE PAY PROGRAM

**IMPLEMENTATION PLAN FOR
COLORADO PERFORMANCE PAY
SYSTEM**

JUNE 2001
(AMENDED SEPTEMBER 1, 2001)

I. Introduction

The Colorado Commission on Higher Education (CCHE) has a staff of 35 with 31 exempt and 4 classified. CCHE has a unified performance management system. The system has components that include planning, training, evaluation, and monitoring.

The mission of the Commission is to implement the directives of the General Assembly, and promote and preserve quality, access, accountability, diversity and efficiency within Colorado public higher education.

CCHE is student-centered, quality-driven and performance-based. Every CCHE work unit is measured first and foremost by these standards. Additional key performance areas as captured in the State's Core Competencies are components in the planning and evaluation process as well. Accordingly, performance evaluation is tied to the overall accomplishment of CCHE's mission.

CCHE's plan meets pay system guidelines established for all state agencies. CCHE's plan shall be revised as necessary to remain in compliance with all requirements of the State of Colorado's Performance Pay Program and Personnel Board Rules as well as the State Personnel Director's Administrative Procedures. Amendments to the plan will be submitted to the State Personnel Director for approval prior to implementation.

Responsibility for implementation, management and review resides with the Executive Director and management team for CCHE.

The Executive Director provides executive oversight of CCHE's Performance Pay Program. The Executive Director also serves on the Executive Oversight Committee for the statewide performance pay system.

CCHE's management team, in consultation with the Executive Director, works to assure proper implementation and quality assurance for the program. The management team will review quality of the program on a regular basis with a commitment to accuracy, consistency and fairness.

This plan is designed to be flexible, changing to meet the needs of the organization, the State of Colorado and the employee. The plan incorporates a process to enhance the best efforts of our staff through appropriate recognition. Cohesive work units, working together for a common purpose with well-defined goals and rewards will help CCHE further its mission. Our individual work units will demonstrate the best in competence, service and accountability.

II. Performance Planning

A. *Process*

Planning begins the process for the employee and supervisor. This process establishes guidelines, sets goals, provides clarity, and establishes priorities. The mandatory planning session between the supervisor and employee will occur at the beginning of the performance evaluation cycle (March 1) or with orientation of each new employee in their first month of employment. The process will also consider the employee's performance rating from the prior cycle. Areas for improvement noted in the prior cycle will be emphasized in the subsequent year's performance plan for the employee.

The mandatory planning session will include a review of CCHE's mission, a review and discussion of the work unit's plan and goals for the upcoming year, the employee's job description and any areas noted for improvement in the prior cycle. Areas noted for improvement will be addressed with a plan for correction. A review of CCHE's core competencies required for that position will be included. Those competencies required will be used to determine the employee's performance rating. Further, priorities will be set in each competency area as part of the Individual Performance Plan (IPP).

The manner in which each supervisor conducts the performance-planning meeting is left to the discretion of the supervisor. The supervisor must, however, provide a written statement of the employee's performance plan for both the employee and the supervisor to sign within 10 working days. Supervisors will involve the employee in developing the IPP.

Both the individual plans and the process are designed to maximize the employee's opportunity to attain a Level 4 rating and allow the employee to participate in the team effort to achieve the goals of CCHE. To this end, the plans will be developed with an eye to the rating process.

B. *Core Competencies*

Every employee's performance plan will include core competencies as defined by the State Personnel Director. The employee's performance rating will be partially determined through consideration of statewide core competencies. The statewide, uniform core competencies cannot be disregarded in the final rating for each employee.

C. *Team Building*

Teamwork will be included as a component of every employee's performance plan. CCHE believes that every employee has a role, equally important, in reaching our goals. Individual employee performance ratings

will not be affected by the failure to perform of other team members. Teambuilding skills will be evaluated in relation the importance of teamwork to an employee's overall job responsibilities.

D. Individual Program Goals

The individual's performance plan (IPP) will be developed at the beginning of the evaluation process, beginning with the mandatory supervisory meeting. The IPP will align with goals and objectives of CCHE. IPPs are written statements that clearly communicate performance expectations for the employee. IPPs will include areas for improvement noted from the prior cycle. IPPs will assist in planning for continuing job responsibilities while considering any new initiatives for the coming year. The IPP will be reviewed to evaluate the employee's annual performance rating.

III. Performance Management

A. Performance Progress Review

Supervisors will complete at least one mandatory and documented meeting for Performance Progress Review during the performance year. If the supervisor chooses to conduct only one progress review, that shall occur during the month of November of that performance year. At the supervisor's discretion, progress reviews may be conducted more frequently. Coaching and feedback are required components of this review. This meeting will include review and discussion of the unit's work plan and any changes resulting from new initiatives. It will also include review and discussion of the employee's performance on core competencies and progress on the IPP. Modifications to the employee's performance plan will be noted at this time.

B. Final Performance Review

This review involves a mandatory meeting with the supervisor and the employee. This meeting will include review and discussion of all relevant performance data accumulated throughout the evaluation year. This review may include multi-source assessment processes as feasible. For example, an individual with heavy public contact demands may be assessed through surveys of those contacts. Assessments may also include interviews of co-workers or other work unit members.

This meeting to conclude the review process may immediately precede and be incorporated with, the mandatory planning process meeting for the next evaluation cycle. This meeting will take place no later than March 1st of each year. A higher level will review the supervisor's evaluation of the employee's performance.

C. *Performance Rating*

All employees will receive, in writing as part of the annual performance review process, a performance rating. Performance ratings are based on qualitative values. These values correspond to the four established rating levels. Departments may choose alternative labels for the four rating levels, but the outstanding level is "unique and difficult to achieve because it represents consistently exceptional performance or achievement beyond the regular assignment and any department's definition must reflect this concept. Level One indicates unsatisfactory performance. The performance rating represents a fact-supported determination made by the supervisor.

Each supervisor will consider and correspondingly rate the employee's performance on each selected core competency. The competencies for rating were selected during the planning process. A supervisor's effectiveness in executing the performance management functions required for proper supervision will be considered when the supervisor's rating is determined.

The supervisor will also rate the employee's performance on the IPP.

The supervisor will develop a composite performance rating based on the ratings for each competency area, the IPP and other relevant job performance data. Other data may include multi-source assessment processes.

CCHE's quality control of performance ratings and the performance pay program are dependent on the skill of supervisory staff in evaluation of employee performance consistent with the four levels established. Supervisors will examine each employee's performance as set forth in the individual employee's performance plan, selected core competencies and IPP. The supervisor will also consider other job relevant data and compare the employee's performance with the performance of other members of the work unit. The supervisor will make a fact-supported finding reflecting the performance of each employee.

Quotas or forced distribution processes for determining the number of ratings in any of the four performance levels will not be established.

This rating will be forwarded to the Executive Director for review. The final rating will then be made. Each rating will then reflect the agreement of the supervisor and the Executive Director. The Executive Director has a broader view of the organization and will consider the performance of other work units when reviewing recommended performance ratings. This review process will provide quality control by ensuring valid rating processes with

consistency between work units. CCHE is committed to ensure the equity and fairness of the rating process for all employees.

Performance ratings will be provided to the employee no later than May 1. The rating will be provided to the employee by their supervisor.

A level 1 rating denoting unsatisfactory performance will result in a performance improvement plan OR a corrective action. A reasonable amount of time must be given to improve. If performance is still unsatisfactory at the time of reevaluation, a corrective action is given. Subsequently, if performance does not improve after the corrective action is given, a disciplinary action shall be taken. Supervisors are responsible for documentation to support the rating and subsequent action. The performance improvement plan or corrective action shall specify the reason for the action and the desired behavior or outcomes expected from the employee to remedy the situation. The plan will also specify a period of time for the employee to comply with the requirements of the plan. The supervisor will meet with the employee no later than the last day specified by the plan to review the employee's compliance status. The supervisor may then choose any of the following:

1. change the rating from Level 1 to Level 2 or above;
2. extend the time period for compliance thus continuing the performance improvement plan or corrective action;
3. in consultation with the Executive Director, pursue more severe action against the employee which might include suspension or termination;
4. review the situation and take other action as appropriate in consultation with the Executive Director.

If a supervisor fails to provide an employee with any required plans or ratings, the supervisor's reviewer (generally the Executive Director) will be responsible for completing the plan. If the reviewer fails to complete a plan or evaluation, the next level in the chain of command is responsible until the plan or evaluation is complete. If a rating is not given, the overall evaluation is satisfactory until a final rating is completed and lack of a plan or rating can be disputed. Sanctions for the supervisor will be imposed for failure to provide plans or ratings to the employee. Absent extraordinary circumstances, this failure will result in a corrective or disciplinary action that may include ineligibility for a performance award and 5-day incremental suspensions without pay. (C.R.S. 24-50-118) Additional sanctions may be developed as needed

IV. Training and Communications

A. Orientation

All employees will be provided with an orientation to the Performance Program Plan. This orientation will occur for all employees at a mandatory all-staff meeting the first transition year. New employees will be oriented within 30 days of hire.

B. Training

All supervisors are required to attend performance management training. CCHE is not sufficiently large to provide in-house training. CCHE will consequently rely on training developed by the Department of Personnel. Supervisors are required to attend an initial training prior to commencement of the individual planning process that begins March 1. As resources are identified, opportunities for further training will be offered throughout each year. CCHE will develop a library of resources for supervisory reference. It is expected that HRS will provide training modules, train-the-trainer resources, written materials, and tutorials.

C. PPP Communications

Performance pay program information is disseminated through a variety of methods.

- Periodic all-staff meetings
- E-mail
- Interoffice memo
- All employees have access to Stateline for statewide updates
- Periodic updates at management team meetings (held weekly) and whose members then communicate updated information to their work units

Supervisor/Employee communication

CCHE policy states that supervisors will review each classified employee two times per year with a progress review in November and the annual review in March. This is the minimum requirement for employee review and supervisors are strongly encouraged to provide review, coaching and feedback more frequently. Supervisors are encouraged to participate in opportunities for training in coaching and feedback. The supervisor will determine the appropriate interval for coaching to best keep the employee informed of their progress in meeting the goals of their individual IPP and CCHE. The employee has an obligation to keep their supervisor informed of any challenges encountered in meeting their goals. The effectiveness of supervisors will be measured relative to their performance management of their staff.

This component of the PPP is perhaps the most important. For work unit and CCHE success, supervisors must maintain frequent contact and coaching with their staff with an eye towards continuous improvement.

V. Dispute Resolution

This process is designed to be open and impartial allowing an opportunity for the parties to discuss the issues in dispute. It is recommended that disputes be resolved informally at the lowest level possible prior to moving to a formal process. The authorized decision-maker for all disputes is the Executive Director. ***Only those matters originally presented by the employee in writing will be considered during this process.***

The dispute resolution process has two stages. The internal stage is administered by CCHE and approved by the State Personnel Director. The Department of Personnel administers the external stage.

Employees will be provided on an annual basis with a description of the internal dispute resolution program that includes timelines and names the Executive Director as the appointing authority and decision-maker.

No party has an absolute right to legal representation during the dispute resolution process, but both parties may have present a person of the respective party's choice. The parties are expected to represent and speak for themselves.

Retaliation against any person involved in the dispute resolution process is prohibited.

A. Bases for Dispute

An employee may dispute the following:

- Employee performance plan (or lack of a plan) during the planning cycle;
- Employee's final performance evaluation;
- The application of CCHE's performance pay program, policies, or processes to the individual employee's performance plan and/or evaluation; and
- Full payment of an award.

Disputes concerning the application of CCHE's performance pay program, policies, or processes; and full payment of an award may proceed to the Department of Personnel for an external review after CCHE's internal review process has been completed.

Matters NOT subject to dispute are:

- The content of CCHE's performance pay program;
- Performance evaluations, ratings and awards of other employees;
- All matters relating to performance awards; and
- Funds appropriated.

B. Internal Process

1. The supervisor and employee work together to resolve the dispute. This process must be completed within five (5) working days of the event that raised the dispute. The supervisor cannot render a decision that alters the PPP. If the employee's immediate supervisor is the Executive Director the process begins at 2.
2. If, after the five-day informal resolution process, the dispute has not been resolved to the employee's satisfaction, the employee may elect to formalize the dispute by submitting the dispute in writing to the Executive Director. The written dispute must be submitted to the Executive Director within five (5) working days of the conclusion of the informal process. The Executive Director then has five (5) working days from receipt of the written dispute to render a written decision. The Executive Director may discuss the matter with the employee and supervisor involved in the dispute. The Executive Director is limited to reviewing the facts of the dispute. The Executive Director may then instruct the supervisor to:
 - Follow CCHE's performance pay program,
 - Correct errors,
 - Reconsider a performance rating or plan,
 - Suggest other avenues for resolution.

The Executive Director cannot alter CCHE's performance pay program.

The supervisor/Executive Director sends copies of the decision to the employee and to the human resources manager.

C. External Process

Employees who are dissatisfied with the results of the internal dispute resolution process may then elevate the dispute to the external process administered by the State Personnel Director.

Employees will be notified to submit a written request to the State Personnel Director for consideration under the external process. Notice will include deadlines for filing, the address for filing, and what may be included in the request. The request must include copies of the original request for resolution and CCHE's written decision.

The employee must make the request to the State Personnel Director within five (5) working days of the final decision from CCHE's internal process.

Final resolution of issues concerning the individual's performance plan (or lack of plan) and the individual's performance evaluation shall occur at the internal stage of the dispute resolution process. Employees will have no further recourse for resolution of these disputes.

VI. Performance Based Pay

A. Schedule for Performance Pay Program

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| • Performance Planning Begins | March 1 |
| • **Evaluation Process begins (mandatory supervisory meeting) | March 1 |
| • IPP developed for next performance year | March-April |
| • Final Performance Review (can be concurrent with **) | April |
| • Employee performance ratings due | May 1 |
| • Performance pay program dispute resolution process completed | May |
| • Executive Director works with supervisors and Controller to determine employee performance award distribution | May/June |
| • Executive Director makes final approvals of awards | June |
| • Employees notified of awards | June |
| • First Performance award payout | July 2002 |
| • Performance Progress Review ongoing or, at a minimum, once per year in November | |

B. Performance Pay Distribution

All award distributions comply with the following system rules:

1. Annual base and non-base building performance awards will be a percentage of salary, effective July 1.
2. All awards are subject to available funding and no award will be guaranteed.
3. Pay decisions are based on evaluations within the rules of the PPP.
4. An employee cannot be granted an award greater than the set maximum.

5. Those employees who are rated at Level 1 are not eligible for an award.
6. For those employees below the pay range maximum, Level 2 through Level 4 ratings are eligible for base building, non-base building, or a combination of performance awards. No base building award can be awarded that results in a base salary that exceeds the maximum pay range. Level 2 and Level 3 ratings, a combination of awards cannot be granted that result in a dollar amount greater than the pay range maximum. Only Level 4 ratings may, at the sole discretion of the Executive Director, be granted a non-base building award that results in a dollar amount above the pay range maximum. CCHE will specify the minimum common criteria for distinguishing between non-base and base building, or combination, performance awards to employees. The criteria will describe how these standards reflect the department's mission and operational needs and how the requirement for consistent treatment of similarly situated employees is met. Non-base awards are not dependent upon source of funds, method of funding, or length of service.
7. For those currently at or above the pay range maximum, only Level 4 ratings are eligible for the performance-based awards. Payment of awards for those at the maximum of their pay range is limited to non-base building awards and is at the sole discretion of the Executive Director. No performance award amount is guaranteed above pay range maximum. Level 2 and Level 3 ratings at or above the maximum of the pay range are not eligible for any performance award.
8. The Executive Director will specify annually the maximum award amount percentages for Levels 2 and 3 based on the organization's budget.

The award percentage for each rating level is as follows:

For employees below their pay range maximum

Level 1	0%
Level 2	more than 0% to X%, not to exceed pay range maximum (X not equal to 0)
Level 3	More than X% to Y%, not to exceed pay range maximum
Level 4	More than Y% to Z%, only non-base building awards above pay range maximum

The award percentage for each successive higher level of performance must be greater than the maximum award percentage for the lower level, e.g., the minimum award percentage for above standard must be greater than the maximum award for satisfactory. The minimum award for satisfactory must be more than 0%.

For the first year of implementation of PPP, Level 2 will receive exactly X% and Level 3 will receive exactly Y%, not to exceed pay range maximum. The Executive Director will decide in each subsequent year whether or not to allow awards to vary within the established rules (e.g., Level 2 award between 0.1% and X%). Z% will be established annually by the State Personnel Director.

For employees at or above the pay range maximum

Level 1	0%
Level 2	0%
Level 3	0%
Level 4	0% to Z%, only non-base building awards above pay range maximum.

9. Non-base building awards must be paid in full, even if the employee ends employment.
10. Total award amounts do not include the value of non-monetary incentive awards.

C. *Non-monetary Incentive Awards*

Employees are eligible to receive non-monetary incentive awards, regardless of pay range, to supplement salary-based performance awards. The Executive Director will determine the extent to which these awards will be used. Supervisors will be informed annually of the availability of the program.

D. Notice of Performance Pay Amounts

Employees will be notified by the Controller of employee awards. Notice will specify the employee's base building and non-base building awards as well as the employee's new base salary. These notices will be provided in July.

For the first-year transition, an employee-based annualization process will be used to move all employees from an anniversary to a common evaluation and pay cycle.

VII. Performance Pay Program Monitoring, Evaluation and Reporting

The Executive Director working with the Management Team will provide oversight of the quality of the PPP. CCHE will provide timely reports as required to the State Personnel Director. The Executive Director and Management Team will review and monitor the program to provide improvements and adjustments as needed to maintain the quality and fairness of the program. CCHE will provide a description of the agency's review process to monitor the quality and consistency of performance ratings within the department before final overall ratings are provided to employees.

VIII. Performance Measurement and Reporting Tools

Performance measures will include:

- Timeliness of all requirements of the PPP for supervisor-employee interaction.
- Timeliness of submission of reports
- Number of employees submitting requests for dispute resolution.
- Total amount of awards
- Distribution of awards by rating level

Tools used include forms developed by CCHE to guide the employee and supervisor through the PPP. IPP, core competencies and all review forms are redundant in the emphasis on the mission of CCHE. The four performance levels are clearly articulated in relevant forms. Further, the forms will be easily accessed through the CCHE computer system for ease of completion by the supervisor.